



GSAssociates

Business Partners and Certified Public Accountants

Intelicall Operator Services, Inc.

Independent Auditor's System Report
For Payphone Compensation
As required by FCC Order 03-235
Docket No. 96-128

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Independent Auditor's Report

System Audit Report

Board of Directors
INTELCALL OPERATOR SERVICES, INC.

At the request of the management of Intelcall Operator Services, Inc. ("IOS") we have examined the call tracking systems for payphone calls in compliance with FCC Order 03-235, Docket No 96-128. IOS management is responsible for compliance with those requirements (see appendix 'B'). Our responsibility is to express an opinion on IOS's compliance based on our examination.

Our examination included procedures to obtain reasonable assurance about whether the controls included in our audit were suitably designed to achieve the control objectives - namely that the call tracking system of IOS accurately tracks payphone calls to completion and that IOS satisfactorily complied with and applied these controls and such controls will be placed in operation consistently in the future.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about IOS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on IOS Telecommunication's compliance with specified requirements.

In our opinion, IOS complied, in all material respects, with the aforementioned requirements for the period mentioned through March 31, 2009. IOS has sufficient controls in place to provide reasonable assurance that the call tracking system accurately tracks payphone calls to completion.

The description of policies and procedures concerning Payphone Compensation at IOS as of March 31, 2009, as well as information concerning tests of the operating effectiveness and payments made includes the period of Q4 2008. Future projection of such information is subject to the inherent risk that, because of change, the description may no longer portray those procedures in existence. The potential effectiveness of specific controls at IOS is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that, (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

This report is intended solely for the information and use of Intelcall Operator Services and is not intended to be and should not be used by anyone other than the specified party.

GSAssociates, CPAs

GSAssociates
June 30, 2009



Overview of System Audit Requirements

This System Audit Report covers FCC Order (03-235, Docket No 96-128), effective July 1, 2004 (the “Order”), requiring Interexchange Carriers (“IXCs”), incumbent local exchange carriers (“LECs”), competitive local exchange carriers (“CLECs”) and Switch Based Resellers (herein collectively or individually referred to as a “Carrier”), to establish and maintain a comprehensive Call Tracking System (“CTS”) which accurately reports and compensates Payphone Service Providers (“PSPs”).

The Order calls for an independent third party audit report in conformity with AICPA standards. The independent auditor’s report shall conclude whether the Carrier complied, in all material respects, with the factors set forth (below) regarding the CTS as follows:

- 1) Whether the Carrier’s procedures accurately reflect the Commission’s rules, including the attestation reporting requirements.
- 2) Whether the Carrier has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.
- 3) Whether the Carrier has effective data monitoring procedures.
- 4) Whether the Carrier adheres to established protocols to ensure that any software, personnel, or any other network changes do not adversely affect its payphone call tracking ability.
- 5) Whether the Carrier has created a compensable payphone call file by matching call detail records against payphone identifiers.
- 6) Whether the Carrier has procedures to incorporate call data into required reports.
- 7) Whether the Carrier has implemented procedures and controls needed to resolve disputes.
- 8) Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial.
- 9) Whether the Carrier’s have adequate and effective business rules for implementing and paying payphone compensation.



Audit Process & Procedures

Our audit tests and reports on all nine (9) factors listed in the Order. The guidelines used to conduct and prepare the report are established in the AICPA's Statements on Standards for Attestation Engagements ("SSAE"), specifically, SSAE 10, AT Section 101 Attest Engagements and AT Section 601 Compliance Attestation.

Those standards required that we:

- 1) Have adequate technical training and proficiency in the attest function.
- 2) Perform the attest function using practitioners having adequate knowledge of the subject matter.
- 3) Evaluate the subject matter against suitable criteria such as:
 - a) *Objectivity* – free of bias
 - b) *Measurability* – reasonable consistent measurements, qualitative or quantitative, of subject matter.
 - c) *Completeness* – sufficiently complete so that relevant factors that would alter a conclusion about subject matter are not omitted.
 - d) *Relevance* – criteria relevant to the subject matter.
- 4) Maintain an Independent mental attitude in all matters relating to the engagement.
- 5) Exercise due professional care in the planning and performance of the engagement.
- 6) Obtain sufficient evidence to provide reasonable basis for our conclusion expressed in the report.

IOS has designed and implemented an in-house call tracking system that captures payphone originated long distance calls. Atlantax Systems is contracted by IOS to process call detail records ("CDR"), compensate PSPs and satisfy all FCC-mandated reporting requirements. Attached is Atlantax's SAS 70 report as Appendix "A". IOS's use of a payphone clearinghouse does not release or transfer any of its obligations to comply with all nine (9) factors of the Order.

The scope of this audit as it relates to compensation is through December 31, 2008, the scope of this audit as it relates to the company's processes and procedures subject to the Order is through June 30, 2009.

IOS has also executed an opt in agreement with MCI/Verizon for its switchless toll free traffic which primarily handles company reseller traffic. IOS has also identified calls which are not compensable by virtue of agreements in place with customers by which it transfers liability for compensation. IOS has provided GSA with copies of these agreements for validation.



PAYPHONE COMPENSATION Policies & Procedures

The Company has established and documented policies & procedures specifically in compliance with the Dial Around Compensation FCC order. These include, but are not limited to:

1. Backup Policy
2. Core Security / Critical Data Requirements Policy
3. Defect Tracking Process
4. Software Quality Testing Process
5. Change Control Policy
6. Host / Server Security Policy
7. Password Policy
8. Log Tracking & Archive Process
9. Physical Security Policy
10. Information Access Control Policy
11. Monitoring Policy
12. Firewall Policy

Responsible Dedicated Staff

IOS has dedicated staff responsible for tracking, compensating, reporting and resolving disputes concerning completed calls as follows:

1. Robin Collins, VP Operations is responsible for drafting necessary business requirements.
2. The IT Manager, Carlos Hernandez, is responsible for developing & maintaining systems to create payphone call records from switch records.
3. VP of Operations, Robin Collins, is responsible for implementing & maintaining procedures that check the validity of identified payphone records.
4. The IT Manager, Carlos Hernandez, is responsible for implementing & maintaining procedures that create final compensation data sets.
5. The VP of Finance, Jeff Smith, is responsible for developing compensation tracking reports.
6. The VP Operations Robin Collins is responsible for dispute resolutions.



Data Monitoring Procedures

IOS has developed a systematic reporting process to generate monthly and quarterly reports on payphone call counts, numbers called, and info digits used.

These reports reflect:

- a) Trends of switch traffic volumes entering their payphone compensation systems.
- b) Possible fraud on potential illegitimate payphone calls.
- c) Trends of excluded calls.
- d) The capability to develop customized reports to help resolve disputes.
- e) Capacity for other appropriate trending reports.

Compensation Assurance Protocols

IOS has established procedures which guarantee that the company will remain in compliance with current FCC requirements. These procedures ensure that software, personnel, or any other network changes or additions to the payphone compensation process are done in accordance with guidelines and approvals documented in the aforementioned procedure section and do not adversely affect its call tracking capabilities. Company management has certified that to the best of their knowledge no unauthorized changes have occurred in systems related to payphone compensation, and that all changes have been reviewed and authorized by management.

Compensable Call File and Reporting

The Company extracts all data directly from Carrier and Company CDR and prepares online reports for utilization in the compensation process. We determined that this file contained all the necessary data to perform the ANI match and to prepare detailed reports for compensation to each separate PSP or Aggregator. IOS provided its Q4 2008 reports for verification and matching against Clearinghouse reports.

Dispute Resolution Procedures

The Company has assigned their VP of Finance, Jeff Smith, as the individual responsible for processing payments to its Clearinghouse Atlantax and for managing the in house payphone compensation system. The VP of Operations, Robin Collins is most capable of handling disputes arising from the compensation method.



Independent Payphone Matching Test

Payphone Call Tracking System Test

Because IOS operates as a reseller of telecom services and an Outsource Services provider, GSAssociates could not conduct an independent CTS test. In order to test the accuracy of the call tracking system, IOS provided GSA with a data set of calls its system captured to compare with carrier records. This was tested against files sent to their billing clearinghouse Atlantax. We determined the following:

1. All necessary information, related to call origination, required to record payphone calls appears. IOS defines procedures for identifying the accurate Payphone Operator code from the ANI data transmission and, further, identifies their coding procedures for segmenting completed calls with payphone codes.
2. Toll Free Number was present. This is used to determine if compensation should be paid, or not paid based on alternative compensation agreements.

In addition, since IOS operates under an opt in agreement for certain toll free numbers with MCI/Verizon, no call testing or validation is necessary. GSA assumes that the IXC is audited and is compliant.

Alternate Compensation Agreements

The preponderance of payphone originated calls that IOS receives are related to its operator services operation. Through contractual arrangements the Company transfers the liability for payphone compensation to its clients. IOS provided GSA with updates to previous lists and copies of contracts, waivers, and addendums which specify assumed liability on the part of the client. These documents indemnify the Company from paying compensation to the PSP's directly for toll free numbers associated with these agreements.



Audit Conclusions

FCC Relevant Rules Accurately Stated

IOS has established, defined, and documented in accordance with relevant FCC Rules each of the following:

- Per-call rate.
- Per-phone requirements.
- Calls included as compensable calls
- Definition of completed call.
- Reporting requirements.
- Dispute resolution
- Data Storage Requirements.

Established Security Protocols

IOS has implemented security protocols to limit access to call tracking systems in a controlled environment to authorized personnel.

Monitoring tracking systems have been installed to limit access to the company's call tracking system.

Access to compensation systems is controlled and monitored as well as limited to authorized personnel through security measures which have been implemented.

Audit Findings

IOS, a Delaware Corporation, with principal operations in Ponte Vedra Beach, Florida since 1995, is a reseller of long distance, long distance products and a provider of telecommunication Outsourced Services. The Company primarily provides these services from its operations in San Antonio and Dallas, Texas.

GSA audited and validated payments made through Q4 of 2008. The Company is in compliance for the period audited and compensation has been appropriately made to the PSP's or aggregators for the period. GSA has further verified that IOS has a viable compensation system that accurately tracks and reports payphone calls.



Attachment 1: Atlantax SAS 70

Independent Service Organization Auditor's Report

Board of Directors
Atlantax Systems, Inc.

We have examined the accompanying description of compensation system controls (and policies and procedures) of Atlantax Systems, Inc. ("Atlantax") for payphone calls in compliance with FCC Order 03-235, Docket No 96-128, for the period of April 1, 2006 to March 31, 2007, applicable to recordkeeping, reporting, and payment services provided by Atlantax to its clients. Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying description presents fairly, in all material respects, the aspects of Atlantax's controls relevant to the FCC Order (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily, and (3) such controls had been placed in operation as of March 31, 2007. The control objectives were specified by Atlantax's management. Our examination was performed in accordance with standards established by the American Institute of Certified Public Accountants and included those procedures we considered necessary in the circumstances to obtain a reasonable basis for rendering our opinion.

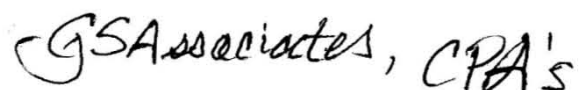
In our opinion, the accompanying description of the aforementioned controls presents fairly, in all material respects, the relevant aspects of Atlantax's controls that had been placed in operation as of March 31, 2007. Also, in our opinion, the controls, as described, are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls were complied with satisfactorily.

In addition to procedures we considered necessary to render our opinion as expressed in the previous paragraph, we applied tests to specific controls, listed in the ***Control Objectives*** section, to obtain evidence about their effectiveness in meeting the control objectives during the period from April 1, 2006 to March 31, 2007. The specific controls and the nature, timing, extent, and results of the tests are listed in the ***Controls & Results*** section. This information has been provided to Atlantax's user organizations and to their auditors to be taken into consideration, along with information about the internal control structure at Atlantax. In our opinion, the controls that were tested, as described in the ***Controls & Results*** section, were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives were achieved during the period examined.

The relative effectiveness and significance of specific controls at Atlantax and their effect on assessments of control risk at Atlantax client users are dependent on their interaction with internal controls, and other factors present at individual user clients. We have performed no procedures to evaluate the effectiveness of internal controls at individual user clients.

The description of controls concerning Payphone Compensation at Atlantax as of March 31, 2007, as well as information concerning tests of the operating effectiveness and payments made includes the period of Q3 2006. Future projection of such information is subject to the inherent risk that, because of change, the description may no longer portray those procedures in existence. The potential effectiveness of specific controls at Atlantax is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that, (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

This report is intended solely for the information and use of Atlantax Systems, Inc. and is not intended to be and should not be used by anyone other than the specified party.



GSAssociates, LLC
July 31, 2007

Attachment 2: Company Attestation



ILD Telecommunications, Inc.
8401 Datapoint Dr. Suite 1000
San Antonio, Texas 78229

Compliance with Applicable Requirements of 47 C.F.R. Section 64.1310(a)(1) of the FCC's Rules and Regulations

ILD Telecommunications, Inc ("ILD") is responsible for establishing and maintaining adequate systems and processes for its Pay Telephone Call Tracking System and for ensuring the Company's compliance with the applicable requirements of 47 C.F.R. Section 64.1310(a) (1) of the FCC Report and Order in CC Docket No. 96-128, released on October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Company has performed an evaluation of its compliance with the applicable requirements of CC Docket No. 96-128 using the criteria in 47 C.F.R. Section 64.1320(c) as the framework for the evaluation. Based on this evaluation, we assert that as of December 31, 2008, the Company complies with all applicable requirements of 47 C.F.R. Section 64.1310 *et. al*.

We have prepared the required assertion statements relating to the Company Payphone Call Tracking Systems.

Company is acknowledged as the "Completing Carrier" in the following call scenarios:

- Coinless access code or subscriber toll-free payphone calls with the Info Digits (7, 27, and 70) completed by Company.

All assertions for Company are from the point Company has visibility to the call tracking data.

Company utilizes a payment clearinghouse for payphone compensation settlement. As such, Factors (6) and (7) in their entirety and Factors (8) and (9) collectively are covered under the SAS-70 compliance report issued for the clearinghouse. Company has procedures in place to verify that controls and procedures relating to these assertions have been established and maintained. An independent accounting firm has performed an independent assessment of the effectiveness of such controls.

Company represents the following assertions where it is identified as the Completing Carrier:

FCC Compliance Factor (1) – Company (“Completing Carrier”) procedures accurately track calls to completion.

FCC Compliance Factor (2) – Company (“Completing Carrier”) has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone-completed calls.

FCC Compliance Factor (3) - Company (“Completing Carrier”) has effective data monitoring procedures.

FCC Compliance Factor (4) - Company (“Completing Carrier”) adheres to established protocols to ensure that any software, personnel, or any other network changes do not adversely affect its payphone call tracking ability.

FCC Compliance Factor (5) – Company (“Completing Carrier”) creates a compensable payphone call file by using internal customer information matched to toll free records. This file contains all payphone traffic with payphone identifiers.

FCC Compliance Factor (6) – Company (“Completing Carrier”) has procedures to incorporate call data into required reports and making payment to PSPs.

FCC Compliance Factor (7) - Company (“Completing Carrier”) has implemented procedures and controls needed to resolve payphone compensation disputes.

FCC Compliance Factor (8) – Critical controls and procedures have been tested by Company (“Completing Carrier”) to verify that errors are insubstantial.

FCC Compliance Factor (9) – Company (“Completing Carrier”) has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of the payphone service providers to which Completing carrier owes compensation.


Jeff Smith
Vice President of Finance
ILD Telecommunications, Inc.
Dated: May 11, 2009

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